

Essex County Retirement Board

Approved 9/9/03

I. Purpose

The purpose of these regulations is to ensure that all travel by Board Members and Board staff, and reimbursement therefor, strictly complies with the provisions of G.L. c. 268A and other applicable laws. Terms common to these regulations and G.L. c. 268A shall have the meaning ascribed to them by G.L. c. 268A and rulings issued pursuant to that law. These regulations require that all travel related expenses that are to be paid for by the Board shall be related of the purpose of the authorized travel and shall be cost-effective.

II. Authorization for Travel and Travel Related Expenditures

Board shall not pay for or make reimbursement to Board Members and the staff of the Retirement Board for travel and lodging expenses except as specifically authorized in these regulations for expenses related to legitimate speaking engagements and/or other Board-related business.

1. All travel and related expenses must be approved by the Board in advance of the travel. The Board's determination whether any proposed or incurred travel and travel-related expenses pertain to legitimate speaking engagements and/or other Board-related business shall be final.
2. Requests for travel by Board Members shall be placed on a Board meeting agenda, discussed in open session and approved by a majority vote of the Members of the Board present and voting. The meeting minutes shall reflect the Board's action and the extent of the authorization.
3. The nature of the travel, its purpose and estimated cost shall be outlined on a travel authorization form. The form shall include a statement by the traveler certifying that the expenses were incidental to the approved travel. Brochures for seminars or other presentations shall accompany the request for travel where available.
4. A statement describing the presentation, conference or seminar shall be entered into the minutes of the meeting following the travel.
5. The Executive Director may approve travel for other members of the Board's staff, in accordance with these regulations.

III. Required Documentation for Reimbursement

1. Requests for reimbursement, together with all necessary documentation, must be submitted within thirty days of the conclusion of the travel.
2. All requests for reimbursement shall be submitted in an official form requiring that the traveler certify that the expenses were incurred and were necessary and incidental to the approved travel.

3. Any requests for reimbursement shall be completed and properly approved after incurring any travel, transportation or meal or other travel related expenses and before reimbursement takes place.
4. Original itemized receipts must be submitted for all expenses including transportation, lodging, and other expenses incidental to travel.
5. Receipts shall be required for individual expenses over \$10: Travel-related expenses (such as gratuities) must be fully described and reimbursed based on the traveler's certification that the expenses were necessary and incidental to the approved travel.
6. Any travel-related expenditures which have not been properly documented or approved or are not in conformity with the Board' s regulations shall be rejected or adjusted.
7. Reimbursement shall only made to the person who actually made payment for the expense.
8. The reimbursement request form must be signed by the person seeking reimbursement and signed under the pains and penalties of perjury.

IV. Travel Arrangements

1. The Board shall designate a Board staff member who is responsible for making all travel arrangements and for assisting Board Members and Board staff in completing authorization and reimbursement forms. When making travel arrangements, government rates or business rates will be secured.
2. An extended stay may be authorized if the net cost to the Board will be lower. For example, if airline fare is lowered by staying an extra day and the cost of accommodations and meals for that extra day results in a net savings to the Board, an extended stay can be authorized.

V. Transportation

1. Airline, train, bus, automobile rental, taxi, or other form of public conveyance (as cost effective) may be utilized.
2. All travel should be at the lowest fare available, generally economy/coach fare. The Board may determine that certain routing criteria are to be implemented, for example, requiring no more than one interim stop each way; not requiring more than one scheduled airplane transfer each way; and allowing for reasonable departure and arrival times.
3. Board payment or reimbursement for airline club memberships is prohibited.
4. The source of rental cars shall be a national rental agency. The rental rate shall be negotiated by the staff member responsible for arranging travel. Consistent with the rule that all travel should be by the lowest cost available, any rental cars employed by Board or Staff Members shall ordinarily be either compact or sub-compact vehicles. However, reimbursement in excess of the otherwise allowable amount for rental

vehicles, if it is deemed reasonable based upon the particular facts and circumstances of the trip, may be permitted by the Board in the exercise of its sole discretion.

5. It is the traveler's responsibility to verify that the rate charged is the rate negotiated.
6. Board acceptance of optional insurance coverage for rental cars is mandatory.
7. Any motor vehicle accidents which occur while using a rental car while on Board-approved travel must be reported as soon as practicable, in writing to the appropriate authorities, with copies of all such reports provided to the Board.
8. Board payment or reimbursement for fines or other expenses incurred as a result of traffic violations while on Board-approved travel is prohibited. The traveler is personally responsible for such expenses.
9. Use by a Board or Staff Member of his own, personal motor vehicle on Board-related business is permitted, and the Board shall reimburse the Member therefor, when such use is cost-effective (as determined by the Board), and subject to the following terms and conditions: re-imbursement shall be made on a per-mile expense basis, and the per-mile expense rate to be employed shall be the rate allowed by the Internal Revenue Service for the tax year in which the expense is incurred. In addition, the Board shall also reimburse all parking fees and toll charges which have been incurred during the Board-related travel.

Notwithstanding the foregoing provisions, no such re-imbursement shall be allowed or made except upon proper documentation of the miles traveled and fees and charges incurred.

VI. Lodging

All reservations for accommodations shall be made in advance by the Board staff member designated as responsible for making travel arrangements. It is the traveler's responsibility to verify that the rate charged is the rate negotiated by the staff member. Wherever available, all lodging shall be at nationally or regionally recognized economy hotel or motel chains. However, reimbursement in excess of the otherwise allowable amount for lodging, if it is deemed reasonable based upon the particular facts and circumstances of the trip, may be permitted by the Board in the exercise of its sole discretion.

VII. Meals

1. The maximum daily reimbursable amount for the cost of meals while on Board authorized travel shall be the lesser of: the actual cost of the meals or the standard meal allowance permitted by the Internal Revenue Service for the tax year in which the expense is incurred. However, reimbursement in excess of the otherwise allowable amount for meals, if it is deemed reasonable based upon the particular facts and circumstances of the trip, may be permitted by the Board in the exercise of its sole discretion.

2. Registration fees for a Board-related conference or seminar are a reimbursable expense. In those instances where the cost of lodging and/or meals is included in the cost of registration, any additional reimbursement for such lodging and/or meals is prohibited.

VIII. Other Reimbursable and Non-Reimbursable Expenses

1. Other reimbursable expenses, requiring proper supporting receipts, shall include gratuities paid in accordance with local custom, telephone expenses limited to Board or business related calls, internet connections charges, costs for faxing, and costs for necessary copying.
2. The Board's determination whether any proposed or incurred travel and travel-related expenses (a) pertain to legitimate speaking engagements and/or other Board-related business, and/or (b) are reasonable in type and amount, shall be final.
3. Expenses that are not reimbursable include personal expenses, for example, in-room movies, mini-bar charges, gym fees, entertainment or recreational expenses, laundry and dry cleaning and any payments for personal services.
4. Board payment or reimbursement for alcoholic beverages is prohibited.

IX. Cash Advances

Cash advances in connection with anticipated expenses are prohibited.

X. Board Credit Cards

Usage of credit cards issued to the Board is hereby authorized. However, all personal use of credit cards issued to the Board is hereby prohibited. The credit card billings must be issued to the Board office and the card user shall be required to provide receipts for all expenses included in the statement. If receipts are not provided, the user shall immediately reimburse the Board for these expenses. Credit cards shall not be used to purchase supplies or other items that the Board, the Board Members or the Board's staff use on a regular basis and which can be anticipated and purchased by way of a competitive process.

XI. Personal Travel Combined with Board Related Travel

If personal travel is combined with Board-related travel, the personal portion of the trip must be clearly identified and paid for by the traveler. Travel expenses or any other expense incurred by a spouse, relative, friend or other individual accompanying a Board Member or Board staff member shall be considered to be personal travel and shall, in no event, be a proper expense of the Retirement Board.

XII. Payments or Reimbursements for Expenses by Third Parties

1. The providing to, or receipt by, a Board Member or staff member of any thing of substantial value from any person, firm, partnership or other entity which may be reasonably expected to seek to do business with, or is seeking to do business with, or presently is doing business with, a Retirement Board, or from any person, firm or other entity that solicits or makes referrals, or which may be reasonably expected to solicit or make

referrals, of any client on behalf of such a person, firm, partnership or other entity, is hereby prohibited. The providing to, or receipt by, a Board Member or staff member of anything of substantial value from such a person, firm, partnership or other entity indirectly through any person, firm, association, organization or other entity, is hereby prohibited.

2. Without in any way limiting the scope or applicability of the foregoing prohibitions, the following provisions and prohibitions shall also apply:
3. No meal or entertainment expense of “substantial value” (\$50 or more) incurred by a Board or Staff Member may be paid for by a third party, whether or not the expense involves a so-called “business lunch.”
4. Even where the cost of a single meal or other entertainment is less than \$50, a third party may not pay for the Board or Staff Member's tab on a regular basis.
5. Likewise, even though the cost of a single meal may be less than \$50, the third party may not issue a “standing offer” to pick up the tab on behalf of public officials or employees;
6. If the cost of a meal or entertainment is less than \$50 for a Board or Staff Member, but more than \$50 when that Member's guest is included, the entire bill will be attributed to the Member.
7. The solicitation or acceptance of a gratuity of substantial value (\$50 or more) is prohibited. Gratuities do not need to be given for or because of some specific, identifiable act performed or to be performed by the public employee for a violation to occur; nor is it necessary to prove that any wrongdoing resulted from private individuals or businesses covering such expenses. All that is required is a connection between the motivation for the gift and the public employee's official duties. If the giver is in a position to benefit from the public employee's actions in his or her official capacity, the gift is prohibited. A third party is also prohibited from giving anything of substantial value to a public employee even to thank the employee for a job well done. Gratuities of substantial value to public employees are prohibited even in situations where friendship or a legitimate public purpose are motivating factors in offering the gratuity.
8. Meals and beverages costing \$50 or more are considered items of substantial value, and Board or Staff Members are therefore prohibited from allowing third parties to cover their expenses in such instances, even if the meal is a so-called “business lunch.” In addition, if a third party pays for a Board or Staff Member's meals on a regular basis, or pays for a Member's guest in a situation where the Member would otherwise pay for the guest's meal, the combined costs of all such expenses will be considered in determining substantial value.
9. Gifts of tickets to theater and sporting events, and/or the payment of fees for recreational activities such as golf, are all items of substantial value if the individual or combined costs of such events amounts to \$50 or more.

10. Waiving or reducing the admission price to a non-political fundraising event in an amount of \$50 or more also constitutes a prohibited gratuity of substantial value.
11. In instances where a Board Member or Board staff member participates in a legitimate speaking engagement or other Board-related business, the Board shall pay all costs and expenses related to such speaking or other Board-related business, provided, that the Board Member or Board staff member complies with all the Board's travel regulations.
12. (a) Neither an award of funds, nor a monetary donation related to travel, can be accepted by the Board. The Board may only accept reimbursements from third parties necessary to cover travel related costs of Board Members or staff for legitimate speaking engagements in connection with their positions on the Retirement Board or as members of the Board's staff.
 - (b) Acceptance of an honorarium or any other form of compensation is strictly prohibited.
 - (c) To be considered a "legitimate speaking engagement," presentation must satisfy, at a minimum, the following criteria:
 - (i) It must be formally scheduled on the agenda of a convention or conference.
 - (ii) The speaking engagement must be scheduled in advance of the Board Member's or staff member's arrival at the event.
 - (iii) The presentation must be before an organization that normally have outside speakers address them at such an event.
 - (iv) The presentation cannot be perfunctory, but should significantly contribute to the event, taking into account such factors as the length of the speech or presentation, the size of the audience, and the extent to which the speaker is providing substantive or unique information or viewpoints.
 - (d) The Retirement Board can be reimbursed by a third party for expenses only to the extent necessary for making the speech or presentation.
 - (e) Under no circumstances can a Board Member or Board staff member receive reimbursement or any other payment or compensation from a third party.
 - (f) Under no circumstances can a Board Member or Board staff member receive a free pass to a theater, racetrack or other entertainment facility which normally charges a fee for admission, whether the pass is given on a seasonal or single admission basis.

- (g) If a speaking engagement is not in connection with a public employee's official position or duties, travel expenses and honoraria may be accepted by the individual; but employees must avoid any use of public resources in connection with the speech. Such resources include, for example, computer, copier and telephone access, secretarial help, office supplies and sick time. In addition, the speaking engagement and any related preparation must be done entirely on the employee's own time including travel to and from the speaking location. Public employees should also be aware that if the speech is being sponsored or paid for by an individual or business having dealings with the public office or agency for whom the employee works, public written notice to one's appointing official may be necessary to avoid an appearance of conflict.

XIII. Travel Discounts for Official Board Use

1. While the cumulative value of an agency-wide travel or accommodation discount would almost certainly exceed the \$50 "substantial value" limit, such agency-wide discounts are not prohibited because a gratuity from a third party for use by a government agency, rather than an individual member thereof, does not violate G.L. c. 268A. Thus, a state agency that operates a transportation facility does not violate the law by enrolling the agency in a corporate car rental discount program.
2. Neither an award of funds, nor a monetary donation related to travel, can be accepted by the Board. The Board may only accept discounts or other reimbursements from third parties necessary to cover travel related costs of Board Members or staff for legitimate speaking engagements in connection with their positions on the Retirement Board or as members of the Board's staff.
3. If the discount is not aimed at an individual, there is no opportunity and no incentive for an individual employee to use his or her position to secure the discount for individual benefit.
4. Frequent flyer points differ from other agency-wide travel discounts offered to government agencies by third parties. This is because, in general, they can only be awarded to individuals rather than to an agency as a whole. Therefore, frequent flyer points offered as an incentive to participate in an agency-wide corporate discount program may not be accepted by public employees if they are for the employees' personal use. However, and depending upon the express terms of some frequent flyer program agreements and Federal Aviation Administration (FAA) guidelines, the establishment of a pool of frequent flyer points and related bonuses accrued on government business travel for use on other government travel would be permitted.

XIV. Conflict With PERAC Regulations

These regulations are supplementary to the travel regulations promulgated by the Public Employee Retirement Administration Commission (PERAC) at 840 CMR 2.00, et seq. Should any of these regulations be found to conflict with any provisions of said 840 CMR 2.00, et seq., as promulgated or as subsequently amended, then the applicable PERAC regulations shall govern, and the

supplemental regulation, to the extent of its inconsistency therewith, shall be deemed null and void and of no effect.

XV. Violation of These Guidelines or Board Travel Regulations

Any person or entity that violates these regulations shall be deemed to have violated the provisions of 840 CMR 17.00 and shall be subject to removal as a qualified investment manager or consultant pursuant to 840 CMR 17.04(10). In addition, no exemption shall be granted pursuant to 840 CMR 19.02 or a qualification pursuant to 840 CMR 26.04 if any person or entity that has violated these regulations. The foregoing penalties shall be in addition to, and not in lieu of, any other applicable penalties provided by 840 CMR 2.00, et seq., and/or any other applicable civil and/or criminal penalties.